



# GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service  
United States Department of Agriculture



MAY 10, 1999

**Farm Program Changes Likely.** According to U.S. Agriculture officials, including Agriculture Secretary, Dan Glickman, low prices for both grain and livestock will likely lead to Congressional changes in the current farm program this year. Glickman, visiting tornado-ravaged areas of Kansas, noted that the bill was written during different economic circumstances, "at a time when we thought prices were going up forever." The farm program, passed in 1996, allows farmers the opportunity for production flexibility but requires that guaranteed farm subsidies decline through 2002. The program worked well during 1996 and 1997, when farmers received high prices following record crop production. However, a worldwide surplus of grain, along with events such as the Asian economic crisis, caused grain storage to become tight and prices to plummet during 1998. It has been reported that USDA's Farm Service Agency has received more than 1 million applications for crop loan deficiency payments, a 65-percent increase from the previous year. The farm crisis also led Congress to pass a \$6 billion assistance package, with USDA programs contributing another \$15 billion, far more than was intended when the program was passed in 1996. Seeking a stronger farm bill in 1999, Larry Combest (R-Texas), House Agriculture Committee Chairman, stated, "We need to have a program more realistic than what we have today," as he spoke recently to farmers and agri-businessmen. Combest continued, "We need a program that supports you and provides you protection." (*Knight-Ridder 5/7, AP 5/7*)

**China's WTO Prospects Appear Dim.** Recent reports indicate that the accidental NATO bombing of the Chinese embassy in Yugoslavia may have slowed negotiations over China's accession in to the World Trade Organization (WTO). However, Robert Cassidy, the chief China negotiator for the U.S., is still expected to meet with negotiators in Beijing next week. In addition, Chong-Pin Lin, vice chairman of Taiwan's Mainland Affairs Council, states, "I don't think the current incident would affect WTO." Of the current mishap, he further stated, "Beijing will use this to bargain and get concessions." Additional reports also indicate that several U.S.-based grain organizations, representing U.S. grain producers, have been advised by USDA's Foreign Agricultural Service to temporarily close their offices in China for security reasons. The American Soybean Association, U.S. Grains Council, and U.S. Wheat Associates have closed offices for 2 days pending evaluation of the security situation. The immediate impact on trade is not expected to be serious. Following bumper grain crops, China has been importing only limited amounts of grain. The most popular is soybeans, which China is importing primarily from South America due to the low price being offered, compared to that available in the U.S. (*Wall Street Journal 5/10, Bridge News 5/10*)

**Iran Set To Import Wheat.** An Iranian daily newspaper recently reported that Iran, faced with drought conditions and growing domestic demand, may need to import as much as 4.5 million metric tons of wheat during the Iranian year, until March 2000. This would be an increase from last year of one million metric tons. Iran has had 36 percent less rainfall between October and March than during the same period last year and is expected to have a 20-25 percent drop in wheat production compared to last year's harvest. Much of the expectation for wheat and other crops such as rice, cotton and sugar cane, however, will depend on the level of rainfall in the 2-month period following April 21, prior to the dry summer period. U.S. State Department Under Secretary, Stuart Eizenstat, recently announced that the Administration would exempt food and medicine from unilateral trade sanctions against Iran, Libya, and Sudan. Additional reforms are being considered this week in the Senate. Iran is expected to be the fourth largest exporter of wheat this year and is "looking for reasonable quality of any origin at a good price," according to a European trade source. Also, since 1996/1997, Iran has preferred to buy grain using credit. Therefore, in addition to price, its wheat purchases will depend on which country offers the best line of credit. The U.S. has stated that no export subsidies or credits will be extend to Iran for any grain sale, although other financing arrangements are possible. According to a European trader, "The USA will be well-placed if they attach export credits to sales of wheat"; however, "without credits, the Americans are not competitive." Australia, Canada, Argentina, and France are other leading wheat exporters seeking to maintain or increase their wheat sales to Iran. (*Reuters 5/9, 5/10*)

This report is prepared by Karl Hacker and Karla Martin, Agricultural Economists, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Report design by Kimberly Vachal, Upper Great Plains Transportation Institute, North Dakota State University. You can retrieve this document from our Automatic Fax System by using the handset on your fax machine and dialing (202) 690-1707. This report can be found on the Internet at [www.ams.usda.gov/tmd/grain.htm](http://www.ams.usda.gov/tmd/grain.htm). E-mail comments to [Nick\\_Marathon@USDA.gov](mailto:Nick_Marathon@USDA.gov).

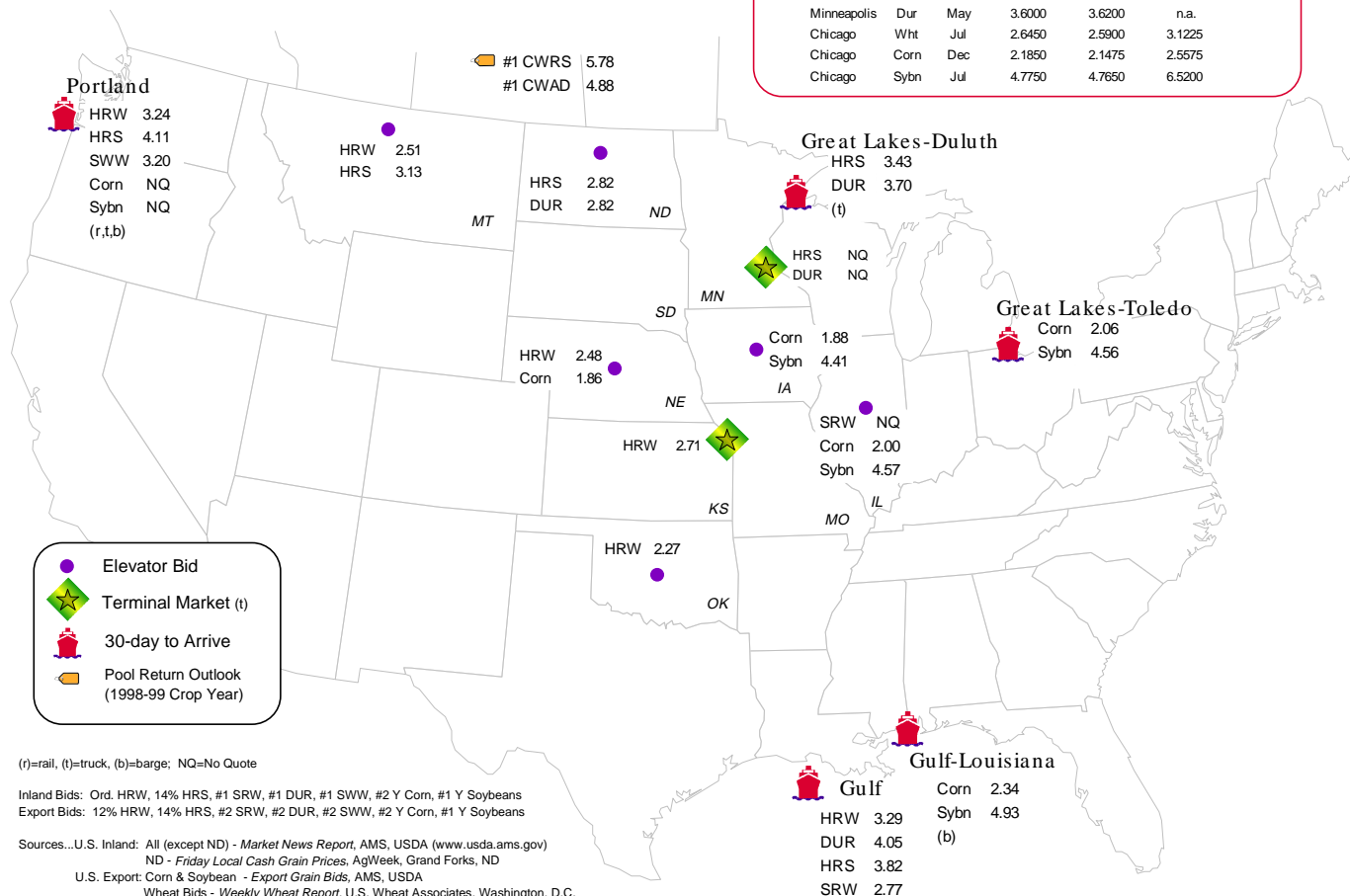
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## Grain Bid Summary



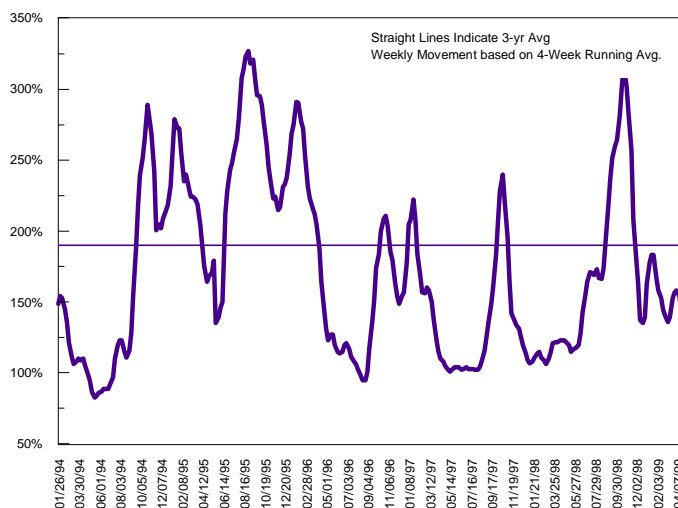
### Futures:

			05/07/99	Week Ago 04/30/99	Year Ago 05/08/98
Kansas City	Wht	Jul	2.8400	2.7800	3.2825
Minneapolis	Wht	Jul	3.2100	3.1900	3.6750
Minneapolis	Dur	May	3.6000	3.6200	n.a.
Chicago	Wht	Jul	2.6450	2.5900	3.1225
Chicago	Corn	Dec	2.1850	2.1475	2.5575
Chicago	Sybn	Jul	4.7750	4.7650	6.5200

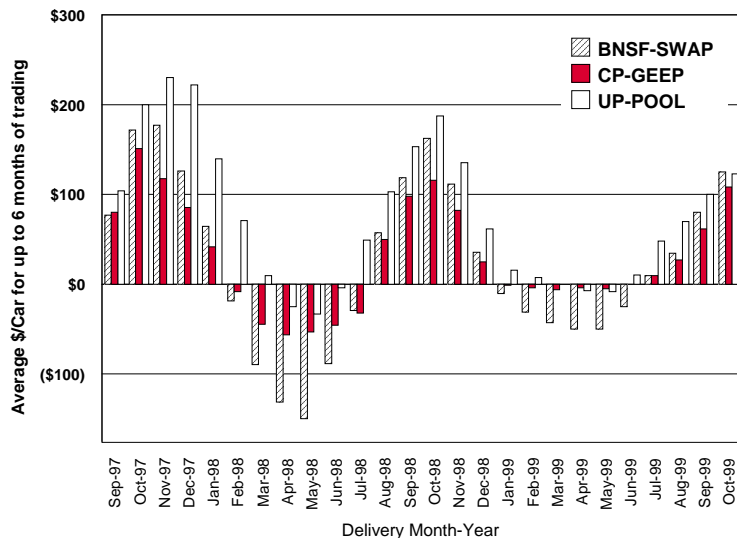


## Spot Barge Rate - Illinois River

Index - Percent of Tariff Rate



## Secondary Rail Market Bids



See the Grain Trax page at [www.ugpti.org](http://www.ugpti.org) for more graphs of rail premiums.

**Rail Car 'Auction' Offerings**

Delivery for:	Jul-99		Sep -99	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
<b>BNSF-COT</b>	5,543	66%	9,500	33%
<b>UP-GCAS</b>	5,400	0%	5,400	0%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

**Secondary Rail Car Market**

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	May-99	Jul-99	Aug-99	Sep-99
BNSF-GF	\$(44)	\$(14)	\$21	\$72
CP-GEEP	\$0	\$8		
UP-Pool	\$(4)	\$50	\$72	\$105

Source: T&amp;M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only &amp; are NOT guaranteed prices, missing value=No Bid Quoted

**Railroad Car 'Auction' Results**

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Jun-99	Jul-99	Sep-99
COT/N. Grain	no bid	no bid	\$85
COT/S. Grain	no bid	\$4	\$93
GCAS/Region 2	no bid	\$9	\$16
GCAS/Region 4	no bid	\$37	\$82

Source: T&M/AMS USDA. Data from [www.bnsf.com](http://www.bnsf.com), [www.uprr.com](http://www.uprr.com), (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values\***

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
5/7/99	Twin Cities	twk/nwk	155
	Mid Miss	twk/nwk	135
	Ohio River	twk/nwk	90
	Illinois River	twk/nwk	127.5
	St. Louis	twk/nwk	85
	Mound City, IL	on station	90
	Jeffersonville, OH	nwk	90

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

**Southbound Barge Freight Spot Rates**

	5/5/99	4/28/99	June '99	August '99
Twin Cities	160	167	171	192
Mid-Mississippi	136	133	142	161
Illinois River	131	128	134	149
St. Louis-Cairo	94	95	102	133
Lower Ohio	95	98	111	143
Cairo-Memphis	92	94	101	128

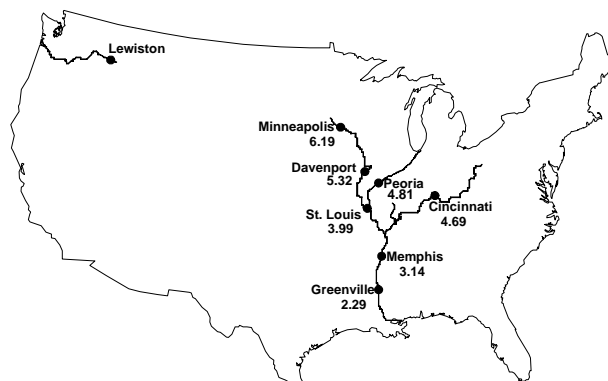
Source: Transportation & Marketing /AMS/USDA  
nq- no quote

twk=this week

nwk=next week

on tow=boat is in transit

on station=boat sitting at a point on the river (immed. available)

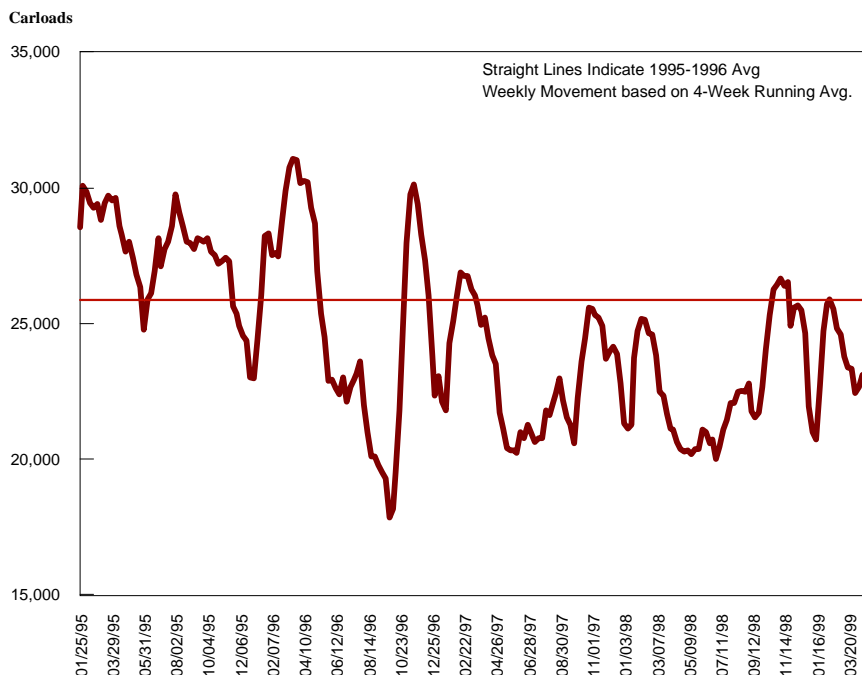
**Barge Benchmark Tariff Rates  
Est. 1976 - 'Tariff No. 7'**

## Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
4/10/99	23,291
4/17/99	24,308
4/24/99	21,102
Year to Date - 1999	382,169
Year to Date - 1998**	365,762
Total 1998**	1,183,860
Total 1997*	1,199,995
Source: American Association of Railroads	

\*\*1998 - 52 weeks

\* 1997 - 53 weeks



## Class I Rail Carrier Grain Car Bulletin

Carloads

	Conrail	CSXT	East IC	NS	BNSF	West KCS	UP	Canada CN	CP
05/01/99	624	2,434	1,723	2,339	6,468	732	6,681	2,601	4,165
This Week Last Year	483	2,364	1,569	2,545	6,709	648	6,358	2,199	4,392
1999 YTD	13,157	43,252	24,829	43,255	137,515	12,584	128,578	34,039	53,269
1998 YTD*	12,158	41,846	22,987	44,009	144,489	11,391	109,558	45,352	74,626
1997 Total**	29,834	118,581	80,255	124,834	428,243	34,690	378,888	171,428	272,156
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387

Source: American Association of Railroads

\*\*1998 - 52 weeks

\* 1997 - 53 weeks

## Tariff Rail Rates for Unit Train Shipments

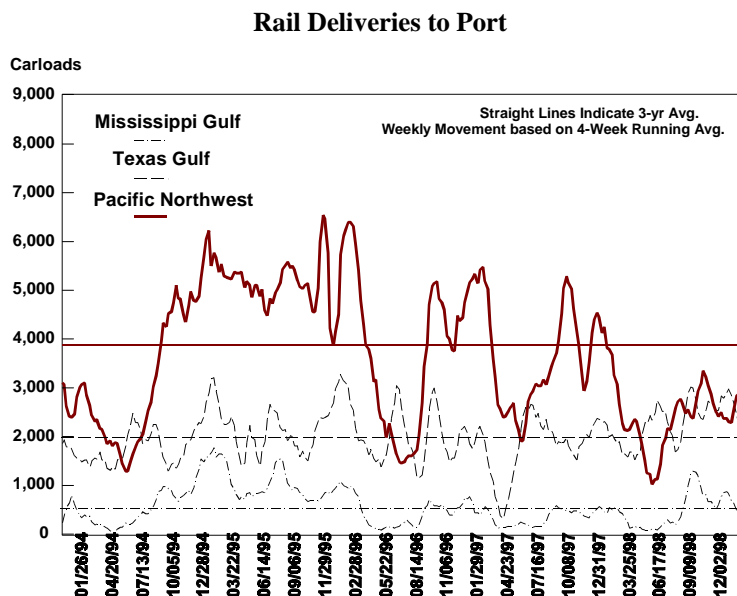
May 1999

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
05/01/99	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,150	\$19.51	\$0.65
05/01/99	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,442	\$40.31	\$1.33
05/01/99	46540	Wheat	Kansas City, MO	Houston, TX	\$1,850	\$16.79	\$0.56
05/01/99	43586	Wheat	Kansas City, MO	Portland, OR	\$4,604	\$41.78	\$1.38
05/01/99	43581	Wheat	Omaha, NE	Portland, OR	\$4,205	\$38.16	\$1.26
05/01/99	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
05/01/99	31035	Corn	Kansas City, MO	Portland, OR	\$3,100	\$24.74	\$0.87
05/01/99	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
05/01/99	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,330	\$30.22	\$1.00
05/01/99	61180	Soybean	Omaha, NE	Portland, OR	\$3,030	\$27.50	\$0.91
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

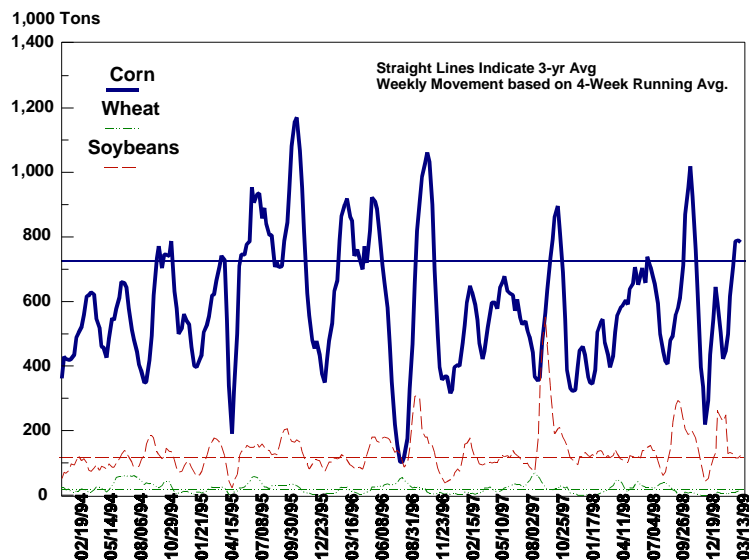
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat &amp; Soybeans 60 lbs/bu

<b>Rail Deliveries to Port</b>				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
03/24/99	178	1,816	3,141	85
03/31/99	237	1,924	3,674	164
04/07/99	225	1,798	3,390	677
04/14/99	233	2,296	2,598	215
04/21/99	189	2,132	3,215*	389
04/28/99	279	1,546	2,908	217
YTD 1999	8,870	40,461	49,870	6,482
YTD 1998	7,900	34,392	59,432	5,209
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147
Source: Transportation & Marketing/AMS/USDA				



\*Note: Correction to 4/21/99 PNW data.

## Barge Movements - Locks 27



## Barge Grain Movements

for week ending 05/01/99

	Corn	Wht	Sybn	Total
1,000 Tons				
<b>Mississippi River</b>				
Rock Island, IL (L15)	401	0	74	475
Winfield, MO (L25)	535	3	50	590
Alton, IL (L26)	765	22	123	911
Granite City, IL (L27)	757	30	138	926
<b>Illinois River (L8)</b>	244	14	72	330
<b>Ohio (L52)</b>	25	3	24	86
<b>Arkansas (L1)</b>	0	18	1	20
1999 YTD	10,554	819	2,394	15,016
1998 YTD	7,740	483	2,676	12,224
Total 1998	31,226	2,420	8,866	45,625
Total 1997	29,685	2,689	9,584	45,315

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

**U.S. Export Balances\*** (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
04/29/99	1,407	639	1,141	482	139	3,808	7,686	2,230	13,724
This Week Year Ago	1,056	259	1,063	418	184	2,981	5,714	1,613	10,308
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	9,443	2,109	5,899	5,016	889	23,356	31,135	17,751	72,242
97/98 YTD	9,056	4,565	5,691	5,189	1,160	25,660	24,599	17,713	67,972
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
05/06/99	301	54	0	200	536	198	119	0	0
1999 YTD	3,801	2,705	93	2,155	11,855	5,801	2,342	257	630
1998 YTD *	3,428	2,529	357	2,034	8,872	6,602	2,001	104	540
% of Last Year	35%	62%	14%	43%	38%	39%	32%	46%	45%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service \* YTD-Year-to-Date ('98 = 53 week period)

**Select Canadian Ports - Export Inspections**

1,000 Metric Tons, Crop Year

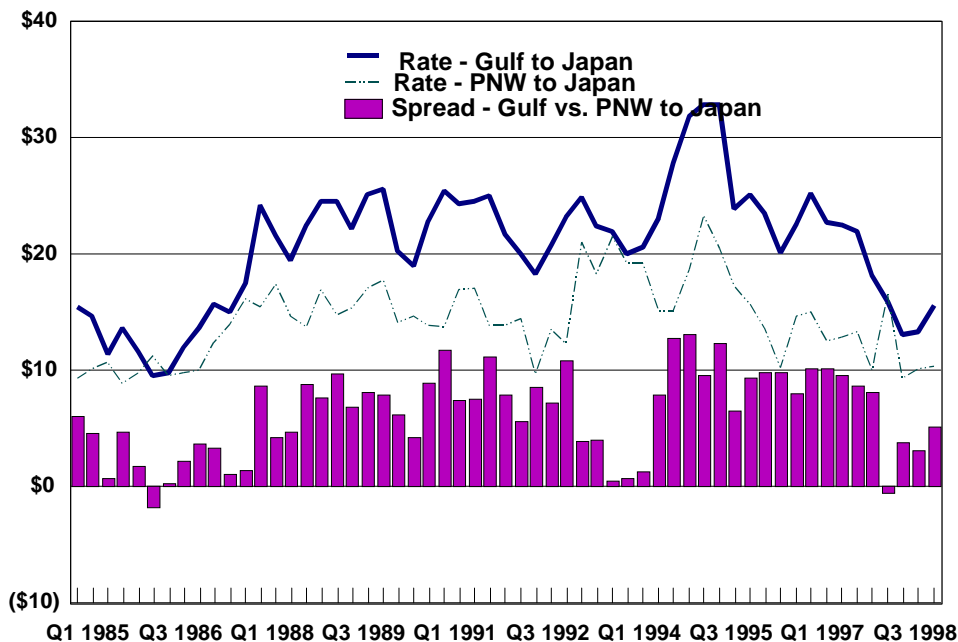
	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 04/29/99			
Vancouver	3,580	766	272
Prince Rupert	1,224	7	0
Prairie Direct	731	406	239
Thunder Bay	346	93	202
St. Lawrence	1,624	1,269	0
1999YTD Exports	7,505	2,541	714
1998 YTD Exports	13,040	3,176	1,912
% of Last Year	58%	80%	37%

Source: Canadian Grains Commission \*Year Ago-This Week a Year Ago \*\*  
YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
		Loaded	Due Next		Loaded	Due Next		Loaded	Due Next
	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>
04/29/99	20	52	64	13			5	7	3
05/06/99	22	52	52	10			9	6	1
1998 Range	(19..62)	(34..64)	(40..93)				(1..16)	(3..14)	(0..10)
1997 Range	(11..52)	(25..61)	(31..89)						
1998 Avg	40	48	61				9	9	3
1997 Avg	33	45	58						
1996 Avg	38	46	62						
Source: Transportation & Marketing /AMS/ USDA									

US\$/Metric Ton



Quarterly Ocean Freight Rates

## Quarterly Ocean Freight Rates

Average Rates &amp; Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1999 1 <sup>st</sup> Qtr	1998 1 <sup>st</sup> Qtr	% Change		1999 1 <sup>st</sup> Qtr	1998 1 <sup>st</sup> Qtr	% Change
<b>Gulf to</b>				<b>Pacific NW to</b>			
Japan	\$15.62	\$18.24	-14%	Japan	\$10.41	\$10.08	3%
Mexico	\$14.22	\$12.15	17%	Red Sea/ Arabian Sea	\$45.81		
Venezuela	\$11.33	\$11.13	2%				
N. Europe	\$12.16	\$9.85	23%	<b>Argentina to</b>			
N. Africa	\$17.12	\$14.65	17%	N. Europe	\$14.55	\$12.32	18%
				Japan	\$21.35	\$20.93	2%

Source: Transportation &amp; Marketing/AMS/USDA

## Ocean Freight Rates (Select Locations) - week ending 05/08/99

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Thunder Bay	Casablanca	Wheat	May	22,000	\$25.00
St. Lawrence	Venezuela	Wheat	May	17,000	\$17.30
Pt. Cartier (Canada)	Estonia	Corn	May	30,000	\$51.51 (MT)
Gulf	Estonia	Corn	May	63,000	\$19.25 (MT)
Gulf	Tunisia	Corn	Prompt	18,000	\$19.00
Gulf	Russia (5 Pts.)	Corn	May	37,000	\$92.01 (MT)
Gulf	Russia (2 Pts.)	Soybeans	May	40,000	\$37.50 (MT)
Gulf	Japan	Heavy Grain	May	54,000	\$20.00
PNW	Taiwan	Heavy Grain	May	58,000	\$10.75
No. France (2 Pts.)	Saudi Arabia	Barley	Spot	100,000	\$11.60

Source: Maritime Research Inc.